

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

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DATE: FEBRUARY 10, 2016

FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer
ROBERT ALDRICH, Consultant
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TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: AGENDA ITEM #8 - LAFCO 3200 – Reorganization to include Annexation of the Twentynine Palms Fire Department to the San Bernardino County Fire Protection District, its South Desert Service Zone, its Service Zone FP-5, and the Divestiture of the fire function from the Twentynine Palms Water District

INITIATED BY:

Resolutions of the Board of Directors of the Twentynine Palms Water District and the San Bernardino County Fire Protection District

RECOMMENDATION:

Staff recommends that the Commission take the following actions:

1. Modify the proposal to expand the area proposed for annexation into the San Bernardino County Fire Protection District Service Zone FP-5 to add approximately 3,980 acres generally described as the peninsula of land between Morongo Road and the City of Twentynine Palms, south of the Marine Corps Air Ground Combat Center;
2. Certify that LAFCO 3200 is statutorily exempt from environmental review, and direct the Executive Officer to file a Notice of Exemption within five (5) days;
3. Approve LAFCO 3200 with the following conditions:
 - a. Standard conditions for a change of organization;

- b. The effective date of this reorganization shall be no earlier than July 1, 2016 subject to completion of terms and conditions outlined in this resolution for approval as authorized by Government Code Sections 56886(p) and 57202;
- c. Upon the effective date of the reorganization, the San Bernardino County Fire Protection District (hereafter "County Fire" or "SBCFPD") South Desert Service Zone, as the Successor District to the fire and emergency medical response obligations of the Twentynine Palms Water District through divestiture of its fire function, shall succeed and/or be assigned all rights, duties, responsibilities, properties (both real and personal except as further described in conditions below), contracts, equipment, assets, liabilities (excluding California Public Employees Retirement Fund as detailed in condition e below), obligations, functions, executory provisions, entitlements, permits and approvals of the Twentynine Palms Fire Department (a division of the Water District hereafter identified as "29 Palms Fire"). All outstanding special parcel tax revenues attributable to the Twentynine Palms Water District Ordinance #89 for fire protection and emergency medical response including delinquent taxes and any and all other collections or assets of 29 Palms Fire, shall accrue and be transferred to the Successor District pursuant to 56886(i). Said Successor District shall be subject to the terms and conditions contained herein;
- d. Upon the effective date of the reorganization including annexation and divestiture, pursuant to the terms specified in the Plan for Service, attached as Exhibit "B" and the updated Employee/Property Transition Plan, attached as Exhibit "C", all current 29 Palms Fire employees (excluding the Fire Chief) shall transfer to the San Bernardino County Fire Protection District South Desert Service Zone with comparable position classifications, rates of pay, accrued vacation and sick leave, vacation and sick leave accrual rates, and seniority rights. Said employees shall become subject to the terms and conditions set forth in said Plan for Service. All transferred employees shall be subject to the terms and conditions of the respective San Bernardino County Fire Protection District Memorandum of Understanding in place as of the effective date of the reorganization including annexation for their successor classification;
- e. Upon the effective date of the reorganization including annexation and divestiture, the Twentynine Palms Water District shall retain the obligations for PERS unfunded retirement obligations attributed to the safety portion of the District's CalPERS plan, or other contractual obligations related to retirement approved by the District for all suppression and prevention District employees transitioning to County Fire. Prior to issuance of the Certificate of Completion a copy of the signed contractual agreement between the Twentynine Palms Water District and the City of Twentynine Palms shall be provided to the Local

Agency Formation Commission. Such agreement shall address the full satisfaction of such unfunded liability, both during inactive status and upon termination of the safety portion of the District's CalPERS plan, minus a lump sum payment of the estimated ongoing unfunded liability as of June 30, 2016 by the District out of the Fire Department fund balance made prior to the effective date of the reorganization. The remaining unfunded liability, both during inactive status and upon termination of the safety portion of the District's CalPERS plan, shall be paid first from assets deposited in an irrevocable trust dedicated exclusively to the payment of such unfunded liability and consisting of, but not limited to:

(i) Fire Department fund balance at June 30, 2016 less amounts for payment of severance, compensated sick leave transfer to County Fire, payment of vacation buyouts and annexation costs specified in the contractual agreement;

(ii) receipts for the sale of the Fire Station to the City of Twentynine Palms; and

(iii) the payment of additional annual revenues as specified in the contractual agreement.

Any remaining unfunded liability not covered from assets in the irrevocable trust shall be provided for in full pursuant the terms of the contractual agreement;

- f. Prior to the issuance of the Certificate of Completion, the Twentynine Palms Water District shall provide to the Executive Officer of LAFCO documentation that it has obtained a Workers' Compensation tailing insurance policy covering all worker compensation claims of all Twentynine Palms Water District fire suppression personnel transitioning to County Fire;
- g. Upon the effective date of the reorganization including annexation and divestiture, the Successor District shall accept all facilities transferred from the Twentynine Palms Water District in "as is" condition [pursuant to Government Code Section 56886(h)]. All assets including, but not limited to, equipment (vehicles, apparatus, supplies, etc.) rolling stock, tools, office furniture, fixtures and equipment, lands, buildings, real and personal property and appurtenances held by the Twentynine Palms Water District, except for Fire Station #421 to be transferred to the City of Twentynine Palms, for the purpose of providing fire protection and emergency medical response, shall be transferred to the Successor District, the South Desert Service Zone of SBCFPD. All quitclaim deeds to effectuate the transfer of land and/or buildings and the title transfer documents for vehicles shall be prepared by the Twentynine Palms Water District to be filed upon the effective date of the change with copies provided to LAFCO;
- h. Upon the effective date of the reorganization to include annexation and divestiture, Ordinance #89 for collections of a special tax upon the real

property within the boundaries of the Twentynine Palms Water District for Fiscal Year 2016-17 and beyond shall be void;

- i. Pursuant to the provisions of Government Code Section 56886(e) the SBCFPD Board of Directors shall be required to create a new sub-service zone under FP-5 to isolate the special tax revenue contributed by the territory within the Twentynine Palms community proposed for annexation into Service Zone FP-5 by LAFCO 3200. After conclusion of the protest hearing pursuant to Government Code Section 57000 et seq., but prior to the issuance of the Certificate of Completion, as authorized by Government Code Section 56886(o), the Board of Directors of the SBCFPD shall provide the LAFCO Executive Officer with documentation identifying how the provisions contained in Health and Safety Code Section 13950 to form the new Service Zone of FP-5 will be implemented by County Fire. All actions required by the SBCFPD to implement the special tax shall be completed prior to the August 8, 2016 due date for placement of the special tax on the tax rolls by the San Bernardino County Treasurer/Tax Collector;
- j. Prior to the issuance of the Certificate of Completion for the reorganization to include annexation and divestiture, pursuant to the provisions outlined in Government Code Section 56886 (i), (o) and (s), the Commission requires that the successor district, the South Desert Service Zone of SBCFPD and the City of Twentynine Palms finalize a lease agreement for the continuing use of Fire Station #421. The lease payments are identified by the affected parties to provide for payment of the following:
 - (1) Repayment of improvements at the station funded by the City of Twentynine Palms with a seven year payment schedule for a total of approximately \$210,000; and
 - (2) Transfer of 50% of the proceeds of prior Twentynine Palms Water District Ordinance #89 special fire taxes and fines, forfeitures and penalties attributable to the operations of the Twentynine Palms Water District to be placed in the Irrevocable Trust for Unfunded Retirement payments annually outlined in Condition e above. These payments are scheduled to begin in Fiscal Year 2018-19;
- k. The Successor District, South Desert Service Zone, shall also assume all joint use, maintenance, automatic aid or mutual aid agreements held by the Twentynine Palms Water District Fire Department [Government Code Section 56886(r)]. Amendments of existing agreements required for successful transfer shall be completed and submitted to the Local Agency Formation Commission prior to the issuance of the Certificate of Completion to address any changes [Government Code Section 56886(r)(v)];
- l. Upon the effective date of this reorganization, any funds currently deposited for the benefit of the Twentynine Palms Water District fire operations which have been impressed with a public trust, use or purpose,

shall be transferred to the Successor District and said District shall separately maintain such funds in accordance with the provisions of Government Code Section 57462;

- m. Upon the effective date of this reorganization, any funds currently deposited with the 29 Palms Fire for the benefit of its Explorer program shall be transferred to the successor district and said district shall maintain those funds impressed with a public trust, use or purposes separately in accordance with the provisions of Government Code Section 57462;
 - n. As of the date of approval of the reorganization by LAFCO through the effective date pursuant to the provisions of Government Code 56885.5(a) (4), the Board of Directors of the Twentynine Palms Water District shall be prohibited from taking the following actions unless it first finds an emergency situation exists as defined in Government Code Section 54956.5, and such action is supported by the San Bernardino County Fire Protection District:
 - a) **No Increase in Compensation or Benefits:** No increase in calculation for payment of benefits or compensation for employees of the Twentynine Palms Water District Fire Department shall be allowed. Exceptions to this prohibition include planned and budgeted increases identified in the adopted budget for Fiscal Year 2015-16.
 - b) **Bound by Current Budget:** No appropriating, encumbering, expending, or otherwise obligating any revenue of the Twentynine Palms Water District Fire Department beyond that provided in the current budget at the time of Commission approval, unless agreed to by the Successor District, shall be allowed..
 - o. The Twentynine Palms Water District and the San Bernardino County Fire Protection District, applicants for this change of organization, shall indemnify, defend and hold harmless the Commission from any legal expense, legal action, or judgment arising out of the Commission's approval of this proposal, including any reimbursement of legal fees and costs incurred by the Commission;
4. Adopt LAFCO Resolution No. 3216 setting forth the Commission's determinations and conditions of approval concerning this proposal and specifying that the protest period for this change of organization shall be 30 days.

BACKGROUND:

In 1954, the Twentynine Palms County Water District was formed and immediately purchased three private water companies. The District's wells, storage facilities, and

pipng served as the initial water system for the District. In 1958, the Twentynine Palms County Water District began to provide fire protection services to the community of Twentynine Palms, under the name Twentynine Palms Fire Department, after the California Department of Forestry ceased providing local fire protection. Over time, the Twentynine Palms Fire Department (hereafter 29 Palms Fire) evolved into a two station, fully staffed Basic Life Support (BLS) operation providing fire, rescue and EMS functions to the citizens of the City of Twentynine Palms and surrounding communities. The 29 Palms Fire is currently a division of the Twentynine Palms Water District (hereafter "TPWD", "Water District", or "District") and is governed by a five-member board of directors.

As detailed in the Commission's 2012 Service Review conducted for the Twentynine Palms community, due to funding shortfalls and subsequent staff attrition, the foundation for 29 Palms Fire's fire and emergency services has eroded over time. Options were reviewed during the 2012-13 timeframe which included a discussion with the San Bernardino County Fire Protection District to assume fire responsibility. However, the determination was made to retain local control of the operation. On June 1, 2013, the provision of fire protection and emergency medical services was reduced from two staffed fire stations to one staffed fire station due to the lack of a sustainable revenue source for continued service provision. Currently, 29 Palms Fire has five full time personnel augmented by a small "paid call" firefighter and volunteer force. According to 2010 Census data, the District's service population is approximately 18,072.

On June 8, 2015, members from the Twentynine Palms City Council and the TPWD formed a four-person ad hoc committee to evaluate the current fiscal status and operational models of both the 29 Palms Fire and the San Bernardino County Fire District. On August 19, 2015, the Twentynine Palms City Council adopted a Resolution of Support for a LAFCO application to annex the TPWD into the San Bernardino County Fire Protection District (hereafter "County Fire"), with divestiture of the Twentynine Palms Water District interest in providing fire and emergency services. On August 26, 2015 the Board of Directors of the Twentynine Palms Water District adopted Resolution 15-14 initiating the sphere of influence amendment and the reorganization to transfer its fire authorities to the SBCFPD. The reason for the proposals was identified in that resolution as:

WHEREAS, the reason for the sphere of influence amendment and proposed reorganization is to maintain the existing levels of services while providing for a sustainable revenue source to provide for said service and other related services within the territory of the former Department

On September 15, 2015 the San Bernardino County Board of Supervisors, as the Board of Directors of County Fire adopted Resolution 2015-182 also approving the initiation of

the set of proposals to transition fire responsibilities from the Water District to County Fire. The actions related to this proposal include:

- Annexation of the territory within the Water District boundaries to County Fire (administrative arm of the District or parent district) and its related Service Zones – South Desert (regional zone which provides boots on the ground service provision) and FP-5 (special tax zone which provides funding for paramedics and fire protection); and,
- Divestiture of the fire function of the Water District allowing for the transfer of the operation to County Fire. Government Code Section 56824.10 et seq sets forth the responsibilities of LAFCO to determine the removal of an active power to provide a function or service authorized under an agency's Principal Act. In this case, Water Code Section 31120 authorizes a Water District to provide fire protection services as outlined Health and Safety Code 13801 et seq.

The narrative that follows provides a discussion of the mandatory factors of consideration as required by Government Code Section 56000 et al. It provides a detailed analysis and discussion of the various aspects of the reorganization and its transition from fire service provided by TPWD to County Fire service as a snapshot in time. This snapshot is represented by the Plan of Service submitted on September 18, 2015, augmented by the Employee/Property Transition Plan submitted on December 17, 2015 and the revised Fiscal Impact Analysis submitted on February 5, 2016. As with all applications for change of organization, the Commission's review will center on making the required determinations in four areas:

1. **BOUNDARIES:** Do the boundaries presented for the reorganization represent a division which makes sense from a service delivery perspective for current and future growth? Are the boundaries definite, certain and easily recognizable? Do the boundaries promote efficient and effective service delivery?
2. **LAND USE:** Will approval of the proposal affect the land use authority or the decisions upon land use options?
3. **FINANCIAL AND SERVICE CONSIDERATIONS:** Does the reorganization represent the best available service option for the affected community? Does it provide for a more efficient and effective form of government? Can the annexing or successor district continue to provide the level of services which existed prior to the change? Would the approval of the reorganization impair the ability of any other agency to continue providing its range and level of services?
4. **ENVIRONMENTAL:** Will the proposed reorganization have an adverse environmental effect that cannot be mitigated to a level of non-significance? If it does, can those adverse effects be overridden by other benefits?

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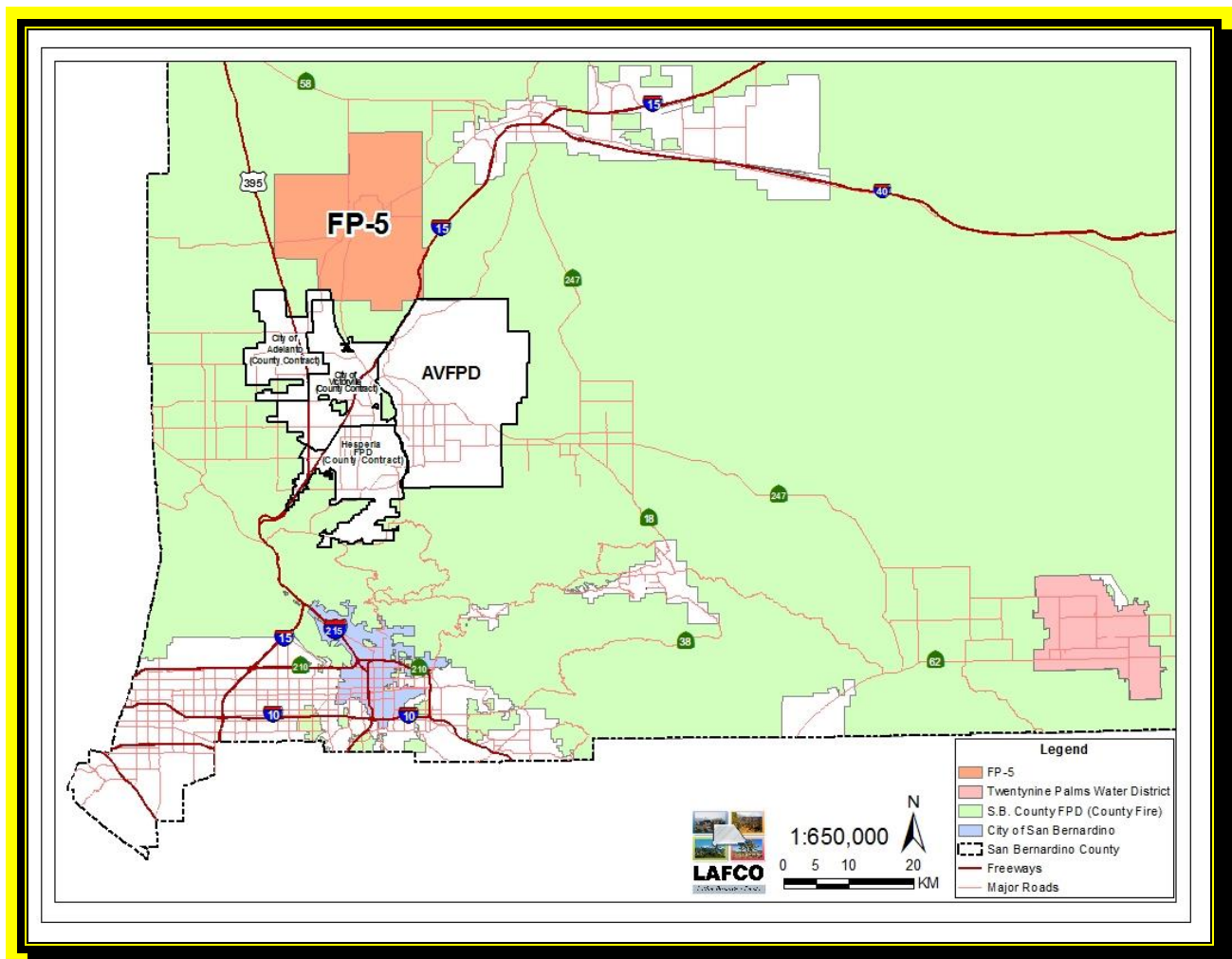
Located in the south desert region of the County, TPWD is generally bordered by the Joshua Tree National Park on the south, the Joshua Basin Water District on the west, the Twentynine Palms Marine Corps Base on the north, and the Wonder Valley community, defined by County Service Area 70 Zone M, on the east. The City of Twentynine Palms, except for that portion of the Twentynine Palms Marine Corps Base located within the City, is located within the boundaries of TPWD.

There are two defined areas within the proposed reorganization territory:

- Area 1 of the reorganization includes the entirety of the Water District's boundary (approximately 56,919 acres) which is proposed for annexation into County Fire, and its South Desert Service Zone.
- Area 2, as proposed for modification by LAFCO staff, includes annexation of the Water District boundary and the approximate 3,980 acre area outside of the Water District boundary (generally described as the peninsula of land between Morongo Road and the City of Twentynine Palms, south of the Marine Corps Air Ground Combat Center) into County Fire's Service Zone FP-5. This area outside the Water District boundary is currently served by County Fire and its South Desert Service Zone but is proposed for inclusion within Service Zone FP-5 to address financing to capture the service delivery area in its entirety.

Annexation of the reorganization territory into Service Zone FP-5 allows for the collection of a special tax from property owners to fund ongoing fire protection and emergency medical response. For those properties currently within the Water District it would replace the special tax which property owners currently pay (through Ordinance 89) to support existing fire services. For the peninsula area it would overlay a new special tax for funding the delivery of this service. A map depicting the proposed reorganization boundaries is included below:

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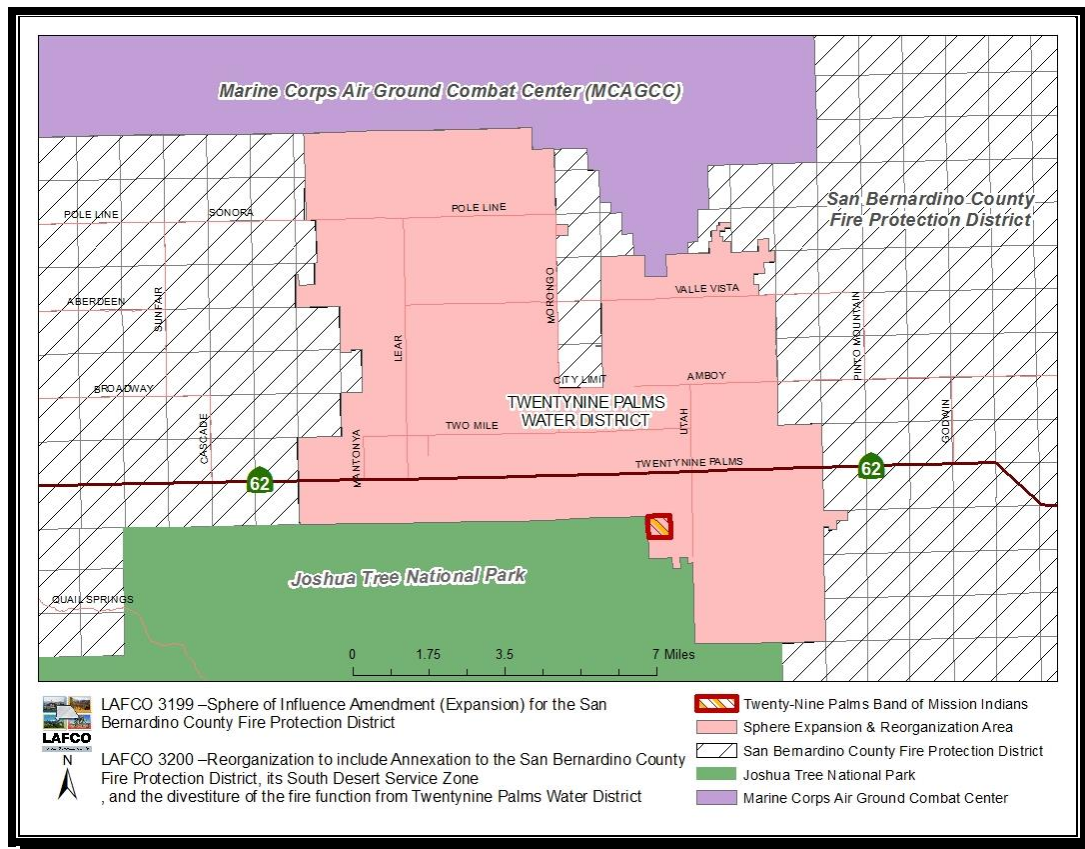
During the staff review process for LAFCO 3200 and the City of San Bernardino fire reorganization proposal (LAFCO 3198) one of the concerns identified was the need for transparency in the collection and use of the Service Zone FP-5 special tax applied to parcels within individual communities. In order to identify a means to isolate the revenues received within the Twentynine Palms community, staff is proposing a condition of approval that requires County Fire to develop: (1) a subzone of FP-5 to address the study area of LAFCO 3200 prior to placement of the special tax on the tax rolls and (2) an outline of the process and signed statements from SBCFPD (including the designation and map and legal of the subzone) be provided prior to the issuance of the Certificate of Completion for the reorganization. The proposed language is:

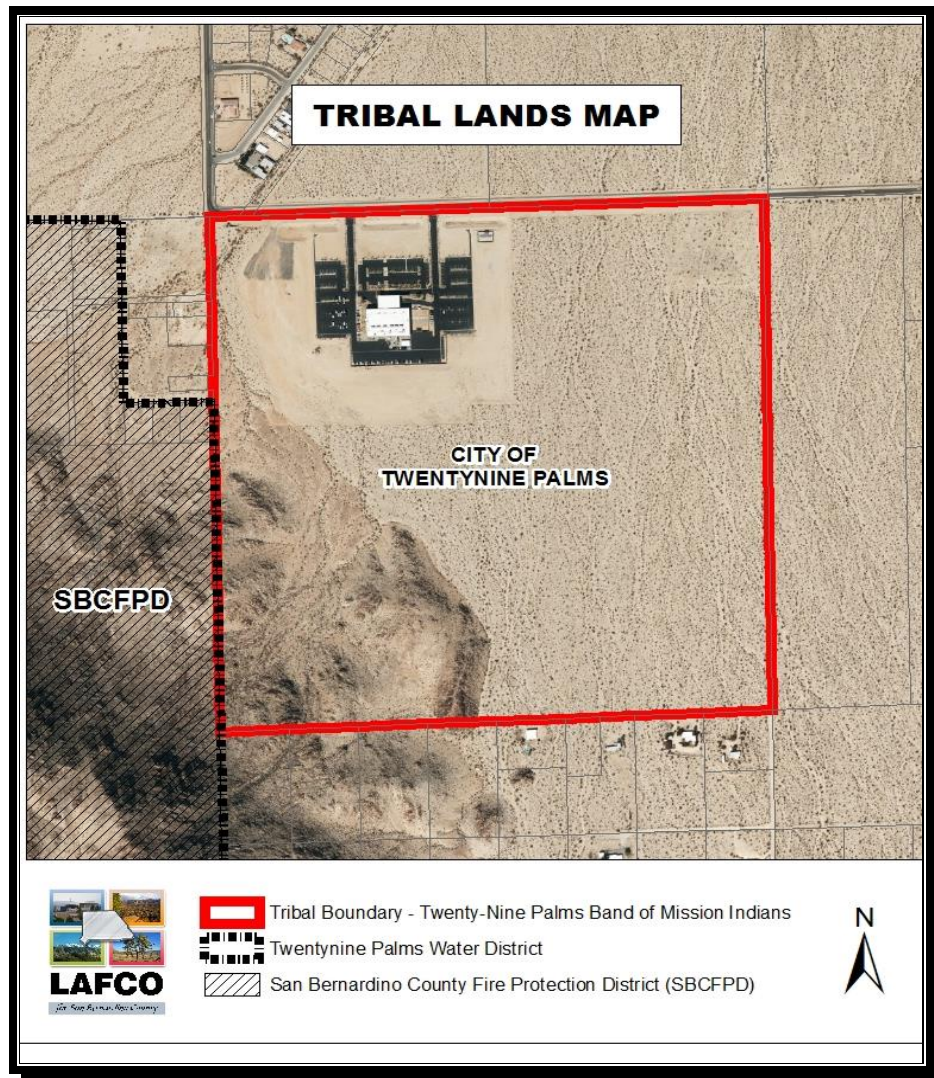
- Pursuant to the provisions of Government Code Section 56886(e), the SBCFPD Board of Directors shall be required to create a new sub-service zone under FP-5 to reflect the territory to be annexed as a function of the reorganization to include annexations and divestiture of fire powers

identified as LAFCO 3200. After conclusion of the protest hearing pursuant to Government Code Section 57000 et seq., but prior to the issuance of the Certificate of Completion as authorized by Government Code Section 56886(o), the SBCFPD Board of Directors shall provide the LAFCO Executive Officer with documentation identifying how the provisions contained in Health and Safety Code Section 13950 to form a new Service Zone of FP-5 to isolate the special tax revenue contributed by the territory will be implemented by the District. All actions required by the SBCFPD to implement the special tax shall be completed prior to the August 8, 2016 due date for placement of the special tax on the tax rolls by the San Bernardino County Treasurer/Tax Collector.

Tribal Lands:

The Twentynine Palms Band of Mission Indians has tribal lands located in the southeastern portion of the Water District's boundaries abutting the Joshua Tree National Park. The map which follows provides a graphic illustration of the location of the Tribal Lands within LAFCO 3200 proposed for annexation:





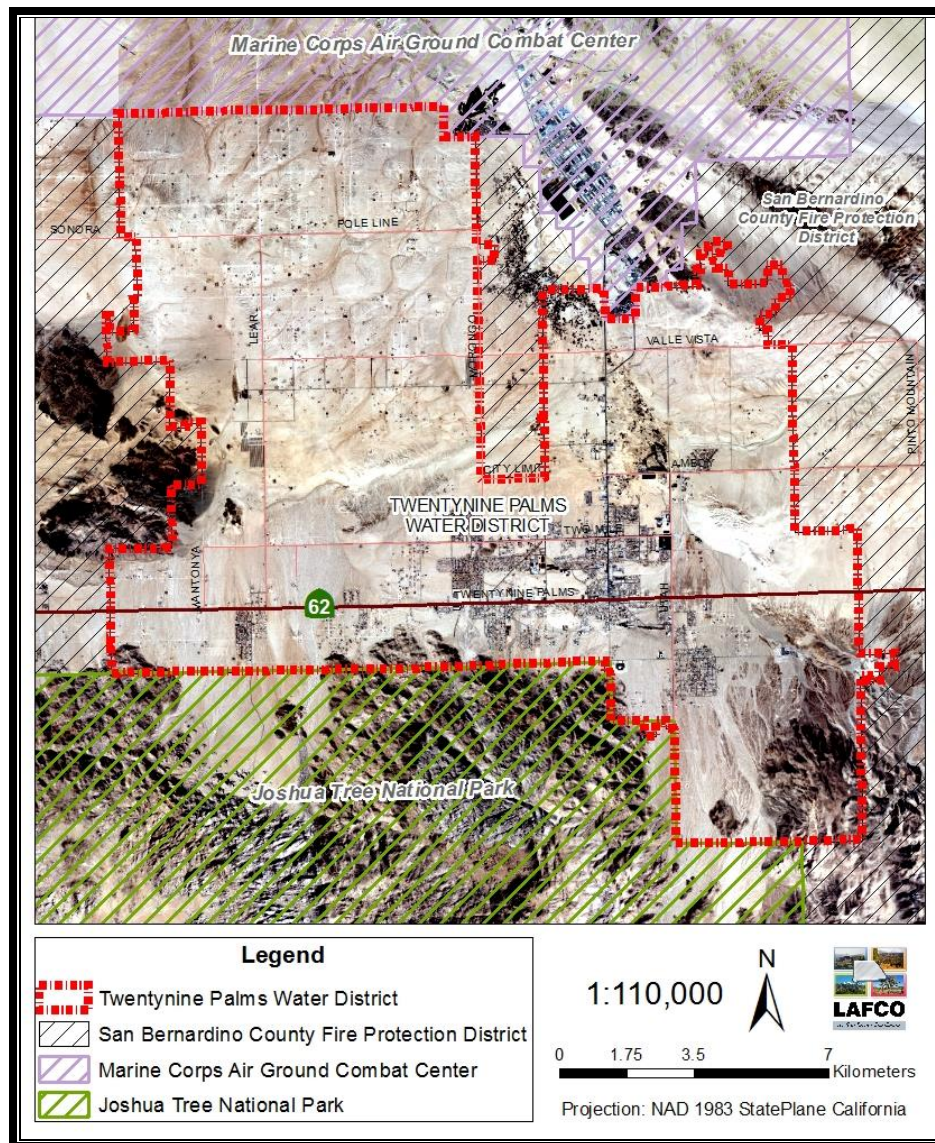
LAFCO staff contacted the Tribal Council for the Twenty-nine Palms Band of Mission Indians to request that it review the proposed annexation and, if it did not object, to provide a resolution to allow for the overlay of the San Bernardino County Fire Protection District and its Service Zones South Desert and FP-5 over its tribal lands. On December 2, 2015, by Resolution No. 2015-024, the Tribal Council consented to the inclusion of its tribal area within County Fire. A copy of this resolution is included as a part of Attachment #2 to this report.

Based upon the review of the proposal, it is staff's position that LAFCO 3200 provides for a definite and certain boundary as required by LAFCO law for all the affected agencies, both Successor and continuing service providers. It provides for the inclusion of the community of Twentynine Palms in the funding mechanism to provide for fire protection and emergency medical response through Service Zone FP-5 so that those receiving service provide for its financing. Therefore, the boundaries as modified can be supported.

LAND USE:

LAND USE: Will approval of the proposal affect the land use authority or the decisions upon land use options?

The study area, approximately 60,755 acres (94.9 square miles) in size, includes territory within the City of Twentynine Palms (approximately 55%) and the unincorporated County (approximately 45%). As indicated on the Table below, land uses within the study area are predominantly residential (Rural Living, Single Family Residential, Open Space Residential and Multi-Family Residential), but also include significant acreage designated for Resource Conservation, Commercial, Industrial and Public and Floodway uses. The map which follows provides a graphic view of these land uses (a copy is also include in Attchment #1).



Land Use Districts within Twentynine Palms

Water District

Land Use	Acres
City of Twentynine Palms Land Use Designations	
Rural Living	16,184
Single-Family Residential	11,962
Open Space Residential	2,463
Multi-Family Residential	1,056
Commercial	1,407
Institutional	1,056
Public and Floodway	1,056
County (unincorporated) Land Use Designations	
Resource Conservation (RC)	2,680
Rural Living (RL)	4,444
RL-5	14,571
RL-10	40
Floodway (FW)	
Service Commercial (CS)	
Institutional	
TOTAL ACRES	56,919

Source: City of Twentynine Palms

The review and approval of LAFCO 3200 will have no direct effect on the land use designations assigned within the annexation area by the City or County. It will, however, assist implementing the goals of both the City's General Plan (Policy SF-4.6: "Cooperate with outside agencies to ensure fire, police and medical personnel, equipment and services should adequately meet the needs and serve all areas of the planning area.") and the County's General Plan (Policy S 3.1: "Continue the Fire Department's consolidation efforts to develop an integrated approach to coordinate the County's present and future needs in fire protection services in response to fire hazards and risks...").

In the subject area, the 2010 Census count was 18,072. The annual growth rate since 2010 has been 0.3% through 2015. These figures are from the Environmental Systems Research Institute ("ESRI").

Growth Rates - Twentynine Palms Water District

Year	Population	Annual % Change	Source
2000	15,925	--	U.S. Census
2010	18,072	1.3%	U.S. Census
2015	18,358	0.3%	ESRI Estimate
2020	18,921	0.6%	ESRI Estimate

From 2020 to 2035, the annual growth rate of 0.6% for the City of Twentynine Palms from the Southern California Association of Government's ("SCAG") *Draft 2016 Regional Transportation Plan* is consistent with ESRI's estimates for 2015 to 2020 as identified above. Therefore, LAFCO staff has used this growth rate in developing population projections through 2035. The result is a 2035 forecast of roughly 20,738 as shown below, with five-year increments.

City of Twentynine Palms Population Projections - 2025-2035

Year	Population Forecast	Source
2025	19,495	LAFCO Revision
2030	20,087	LAFCO Revision
2035	20,738	LAFCO Revision

The Southern California Association of Governments (SCAG) has adopted a Regional Transportation Plan and Sustainable Community Strategy pursuant to the provisions of Government Code Section 65352.5, and approval of LAFCO 3200 will have no direct impact on those determinations.

FINANCIAL AND SERVICE CONSIDERATIONS:

FINANCIAL AND SERVICE CONSIDERATIONS: Does the reorganization represent the best available service option for the affected community? Does it provide for a more efficient and effective form of government? Can the annexing or successor district continue to provide the level of services which existed prior to the change? Would the approval of the reorganization impair the ability of any other agency to continue providing its range and level of services?

In May 2012 the Commission opened its discussion of Government Structure Option in its Service Review for the Twentynine Palms Community related to fire services with the following statement (an excerpt of the Service Review related to fire is included as Attachment #4 to this report):

The information presented in the Financial section of this report for the District concludes that the District's Fire operations are unsustainable as presently configured. Therefore, a change in governance for its Fire service will need to be considered. Given this, options regarding District expansion cannot be considered (such as expanding into Wonder Valley). Any scenario concerning the transfer of the District's fire function needs to consider service within the City and to the unincorporated portion of the District.

Following this review, discussions ensued between County Fire and 29 Palms Fire on the question of transfer of service. It appeared that discussions would result in a proposal for change of organization. However, it was ultimately determined by the Water District to retain local control and address the funding insolvency questions through closure of one of the two operated stations. The choice was the Lear Avenue station in the unincorporated area.

Three years later the questions of solvency and sustainability were again discussed by the Board of Directors of the Twentynine Palms Water District related to its fire operation. The only source of funds to provide the service come from the Ordinance #89 flat special tax imposed on parcels within the District without inflationary increase. None of the District's other revenue sources are available to fund fire and emergency medical response services. The District's other operations are enterprise activities supported by service charges which can be spent only on water operations.

The Water District and City of Twentynine Palms created an ad hoc committee to review the challenging questions of how to financially support emergency medical response and fire protection. Ultimately, in August of 2015 the Board of Directors determined that the best option was to annex the service into County Fire and utilize the special tax service zone FP-5 to provide for a per parcel revenue stream. Resolutions initiating the proposal were adopted by both the Water District and County Fire and the City Council of the City of Twentynine Palms adopted a resolution supporting the change. On September 28, 2015 LAFCO staff circulated a Notice of Filing for LAFCO 3200 commencing the review process.

The proposal is to annex the area of the Twentynine Palms Water District to SBCFPD and its South Desert Service Zone. In addition, the proposal as modified by LAFCO staff includes the annexation of the Water District territory and the area identified as the "peninsula" generally located between Morongo Road and the City's boundary, south of the Marine Corps. Base to Service Zone FP-5. The SBCFPD is the parent district and the administrative arm of the Board-governed fire protection district. The regional structure underlying SBCFPD provides for the tailoring of service delivery needs to the unique population, land use and geographic composition of each region:

- The Valley Region includes the County's more densely developed areas;
- The Mountain Region includes urban forested areas with year-round populations; and,
- The two Desert Regions within SBCFPD serve two vastly different population needs: The North Desert region with the I-15/I-40 transportation corridors composed of largely of truck and rail traffic, and the South Desert region comprised of the Highway 62 Corridor, the Colorado River recreational activities and other isolated desert areas.

Transferring the responsibility of the District's territory to the South Desert Service Zone will consolidate service delivery under a single provider from Yucca Valley to the Colorado River allowing for the allocation of resources within the South Desert to accommodate service need rather than by jurisdictional boundary. Conditions have been included in the staff recommendation to designate the successor agency and to address the assignment of these responsibilities.

Key Commission Considerations Related to Service:

In evaluating the proposed reorganization, the most important considerations for the Commission are to ensure that: (1) the service levels will, at a minimum, be maintained; (2) staffing from the District's fire operations (excluding the Fire Chief) to County Fire will transition seamlessly; and, (3) the funding mechanism for the unfunded retirement liability will be addressed. The Plan for Service and the Employee/Property Transition Plan (included as a part of Attachment #2) outline the process for this transition and acknowledge that all active duty District Fire suppression personnel will transfer with comparable County base salary and step, with the exception of the Fire Chief. Upon the effective date of the reorganization, the District will pay to County Fire the cash value of up to 240 hours of a total combined vacation and sick leave per employee to the extent owed each individual. It was identified that the existing Memorandum of Understanding between the Water District and Twentynine Palms Professional Firefighters IAFF Local 4266 was due to expire on May 31, 2016, prior to the anticipated effective date of LAFCO 3200. An amendment to that agreement, to extend the term to July 1, 2016, has been approved by all parties (copy included as a part of Attachment #3).

Questions were reviewed by LAFCO, Water District, County Fire and County staff related to retirement considerations, vacation balances and existing worker compensation claims during the transition process. Since the proposal presented includes the divestiture of fire authority from the Water District, the question on its existing retirement obligations for unfunded liabilities was a crucial consideration. No future revenues for this purpose will accrue to the District as it receives no proceeds of ad valorem taxes and its only other activity is an enterprise function limiting the use of its rates for water purposes only. These discussions included representatives of the City of Twentynine Palms, an interested, but not directly affected agency.

Unfunded Retirement Obligations:

At the outset of the review, it was estimated that the unfunded retirement obligation for closure of the Safety portion of the District's PERS contract would be in the range of \$1,000,000 and LAFCO staff proposed the creation of a separate service zone to address that liability. However, it was learned in late November that the amount was actually estimated at \$2,950,000, three times the original estimate, setting in motion fervent discussions on the best method to resolve this liability. The finance section of this report provides a detailed description of the ultimate financing of this unfunded liability as determined by the City of Twentynine Palms and Water District at a joint meeting

conducted on December 7, 2015 (a copy of materials and minutes included in Attachment #5) that requires;

- the Safety portion of the District's PERS contract will be placed in "inactive" status upon the effective date of the reorganization; and,
- that the City will assume the long-term obligation for the unfunded balance not covered by existing financing through a contractual relationship.

This unprecedented mechanism to have an agency that is not directly affected by a jurisdictional change assuming an uncapped liability for the Water District's retirement burden caused concern for LAFCO staff. This concern was tempered, to a degree, by the fact that should the Water District's fire operation cease without a jurisdictional change, the City would be required to provide fire service to its territory by statute. In addition, the need to provide emergency medical response and fire protection to the approximately 20,000 residents in the overall community (incorporated and unincorporated) was the staff's primary concern. In effect the use of City funds to resolve this liability dilemma protects the residents of the City of Twentynine Palms while also assisting the residents in the unincorporated sphere area.

In yet another twist to these discussions, in late January, staff learned that the creation of a service zone under County Fire to hold and annually receive the funds necessary to ultimately pay this retirement obligation would not be allowed by the County Auditor-Controller. This shifted the discussion to determining a means to provide for a secure financing mechanism to hold the funds for the ultimate payment as well as receive additional funds until the determination was made to terminate the inactive contract. Development of a viable payment method to address this obligation was the first priority so that the Commission could be able to address the issue of financial sustainability for the delivery of service.

As noted above, the City Council of the City of Twentynine Palms directed its staff to participate in the negotiations to support the transfer of the fire functions of the Twentynine Palms Water District to County Fire. To that end, City staff and Legal Counsel along with Water District staff and their Legal Counsel met and negotiated the development of a mechanism to address this funding under the new scenario. A draft "Assignment and Assumption Agreement" (included as a part of Attachment #5), (hereafter identified as "assumption agreement") has been prepared to provide a contractual means to address the problem. Staff's understanding of the draft document is that it proposes the creation of a public agency Irrevocable Trust, under the entity identified as "Public Agency Retirement Services (PARS)", between the City and PARS to hold the revenues which will ultimately pay for termination of the Water District's Safety Plan under PERS. There are a number of unique aspects to this mechanism, outlined as follows:

- The District's fund balance at June 30, 2016, less outstanding payments, including but not limited to, the Fire Chief's severance package (current estimate is

\$119,000), the payment of sick/vacation leave to be transferred to County Fire (current estimate is \$37,374), and the 2016-17 payment to PERS for inactive status (\$437,000) for an estimate of \$746,623 will be deposited in the irrevocable Trust upon the effective date of LAFCO 3200;

- The Water District's Fire Station #421 will be sold to the City for \$250,000 and in turn the funds will be deposited in the Irrevocable Trust;
- The Water District shall pay to the City (or directly to the Trust) one-half its annual receipts from its cell tower leases for a five year period not to exceed \$200,000; and,
- 50% of the proceeds of prior year Ordinance #89 tax proceeds and fines and delinquencies on an annual basis shall be deposited.

The Draft Assumption Agreement specifies that the termination of the Water District's Safety contract will be at the sole discretion of the City of Twentynine Palms, as it will result in the unfunded liability becoming due in full. LAFCO staff understands this provision as the City maybe assuming an obligation of \$2,000,000 or more depending upon the economy and the termination timing of the contract.

Fire Station #421 Lease Issues:

However, the last bullet above needs additional discussion since, as of the effective date of the reorganization, if successful, the proceeds of these taxes will be transferred to the Successor District, the South Desert Service Zone of County Fire, and a non-participant in the assumption agreement. When discussing this with representatives of all sides of the question, it has been determined that the proposed lease of Fire Station #421 by the South Desert Service Zone of County Fire from the City will include a payment schedule to forward these prior year special tax revenues and delinquencies.

LAFCO staff understands that as of February 5, 2016 the payments for this portion of the agreements related to the lease will commence in Fiscal Year 2018-19 with a payment of \$160,000, and two subsequent payment of \$80,000 for a total of \$320,000. This is \$120,000 more than the Water District will provide toward funding this obligation which is of concern to LAFCO staff. However, on further review with the affected representatives it was determined that this is a negotiated agreement between the City of Twentynine Palms, the Water District and County Fire, LAFCO is not a party to the agreements, and it is a deal breaker should these terms be changed. So, staff must recommend approval of this methodology in order to secure the ongoing delivery of service to the larger Twentynine Palms community. Based upon our analysis of the situation, staff will include this in its recommended terms and conditions for approval.

The terms and conditions recommended by staff to address these items are:

- Upon the effective date of the reorganization, the San Bernardino County Fire Protection District (SBCFPD) South Desert Service Zone, as the Successor District to the fire protection and emergency medical response obligations of the Twentynine Palms Water District through divestiture of its fire function, shall succeed and/or be assigned all rights, duties, responsibilities, properties (both real and personal except as further described in conditions below), contracts, equipment, assets, liabilities (excluding California Public Employees Retirement Fund as detailed in condition e below), obligations, functions, executory provisions, entitlements, permits, and approvals of the Twentynine Palms Fire Department (a division of the Water District hereafter identified as 29 Palms Fire). All outstanding special parcel tax revenues attributable to the Twentynine Palms Water District Ordinance #89 for fire protection and emergency medical response including delinquent taxes and any and all other collections or assets of Twentynine Palms Water District Fire Department, shall accrue and be transferred to the Successor District pursuant to 56886(i). Said Successor Districts shall be subject to the terms and conditions contained herein;
- Upon the effective date of the reorganization including annexation and divestiture, pursuant to the terms specified in the Plan for Service, attached as Exhibit "B" and the updated Transition Action Plan, attached as Exhibit "C", all current 29 Palms Fire employees (excluding the Fire Chief) shall transfer to the San Bernardino County Fire Protection District South Desert Service Zone with comparable position classifications, rates of pay, accrued vacation and sick leave, vacation and sick leave accrual rates, and seniority rights. Said employees shall become subject to the terms and conditions set forth in said Plan for Service. All transferred employees shall be subject to the terms and conditions of the respective San Bernardino County Fire Protection District Memorandum of Understanding in place as of the effective date of the reorganization including annexation for their successor classification.
- Upon the effective date of the reorganization including annexation and divestiture, the Twentynine Palms Water District shall retain the obligations for PERS unfunded retirement obligations attributed to the safety portion of the District's CalPERS plan, or other contractual obligations related to retirement approved by the District for all suppression and prevention District employees transitioning to County Fire. Prior to issuance of the Certificate of Completion a copy of the signed contractual agreement between the Twentynine Palms Water District and the City of Twentynine Palms shall be provided to the Local Agency Formation Commission. Such agreement shall address the full satisfaction of such unfunded liability, both during inactive status and upon termination of the safety portion of the District's CalPERS plan, minus a lump sum payment of the estimated ongoing unfunded liability as of June

30, 2016 by the District out of the Fire Department fund balance made prior to the effective date of the reorganization. The remaining unfunded liability, both during inactive status and upon termination of the safety portion of the District's CalPERS plan, shall be paid first from assets deposited in an irrevocable trust dedicated exclusively to the payment of such unfunded liability and consisting of, but not limited to:

(i) Fire Department fund balance at June 30, 2016 less amounts for payment of severance, compensated sick leave transfer to County Fire, payment of vacation buyouts and annexation costs specified in the contractual agreement;

(ii) receipts for the sale of the Fire Station to the City of Twentynine Palms; and

(iii) the payment of additional annual revenues as specified in the contractual agreement.

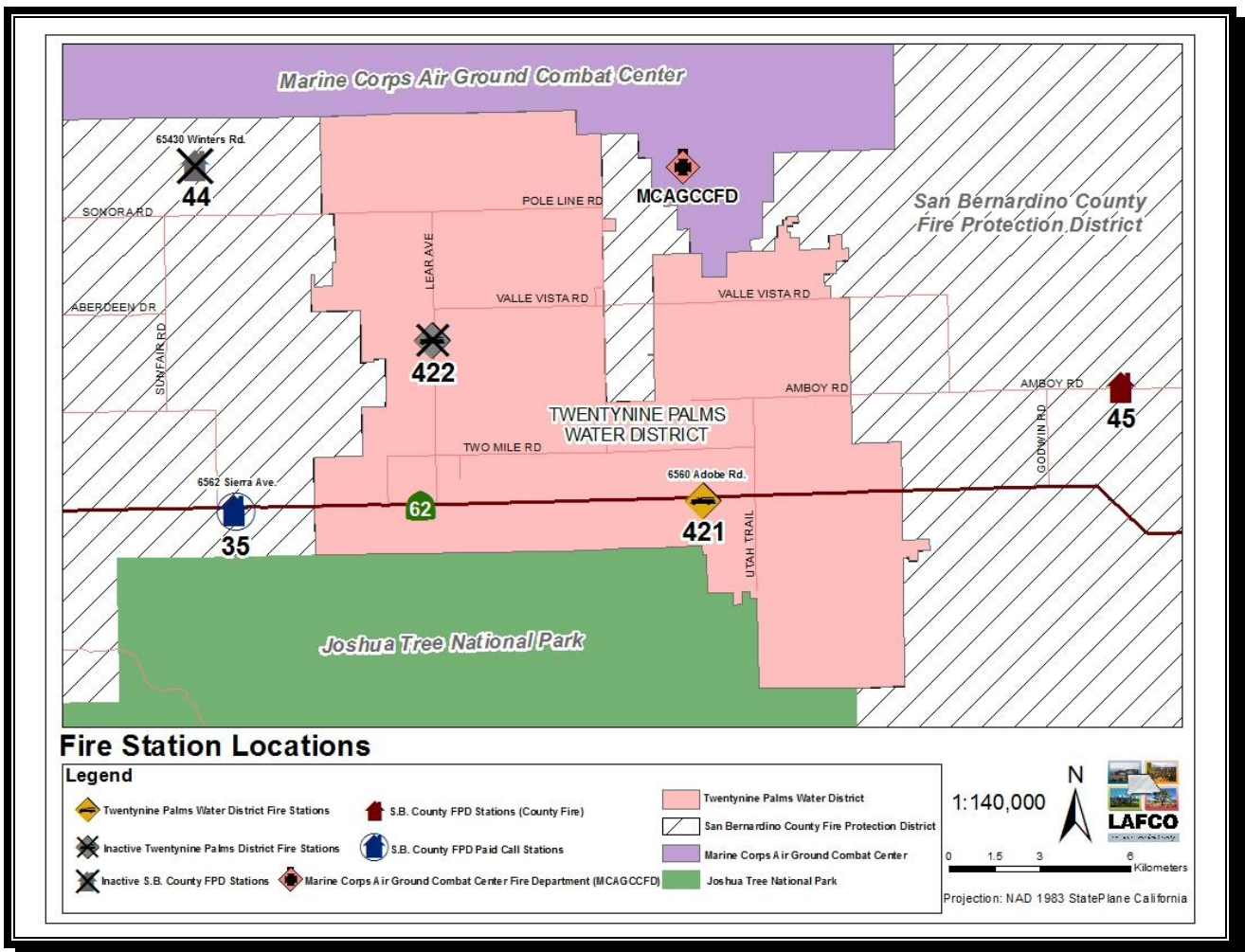
Any remaining unfunded liability not covered from assets in the irrevocable trust shall be provided for in full pursuant the terms of the contractual agreement;

- Prior to the issuance of the Certificate of Completion, the Twentynine Palms Water District shall provide to the Executive Officer of LAFCO documentation that it has obtained a Worker's Compensation tailing insurance policy covering all worker compensation claims of all Twentynine Palms Water District fire suppression personnel transitioning to County Fire.
- Upon the effective date of the reorganization to include annexation and divestiture, Ordinance #89 for collections of a special tax upon the real property within the boundaries of the Twentynine Palms Water District for years 2016-17 and beyond shall be void.

Facility Transfers:

The Employee and Property Transition Plan supplementing the Plan for Service identifies that not all facilities and equipment owned by the Water District for fire purposes will transfer to County Fire. As outlined above, in order to address the retirement issues, Station #421 is to be sold to the City of Twentynine Palms and leased back to the South Desert Service Zone for at least seven years in order to provide service. Through the many changes of organization for the purpose of incorporation, formation of new agencies, the dissolution and transfer of special districts, at no time has the Commission authorized an arrangement such as being presented for LAFCO 3200. Station #421 was built from the revenues received by the Water District's fire operation through the residents of the community and staff has grave concerns regarding the establishment of a precedent for future proposals. LAFCO staff has been assured by the County, the City of Twentynine Palms and the Water District that the unique issues associated with the repayment of the unfunded retirement obligation necessitate this action.

Station #422, the Lear Avenue Station, currently inactive due to budget cuts, will be transferred to the South Desert Service Zone. It will not be activated for general use through approval of LAFCO 3200, but the Transition Plan identifies that County Fire will pursue a continuing joint use of the facility with the Copper Mountain Community College District. The Water District identified its ownership of a vacant parcel along Highway 62 which was donated to the District for a potential future fire station. However, having only direct access to Highway 62 for response was not considered advantageous, so the District is retaining ownership. The map which follows identifies the location of existing fire stations in the general area:



Station #421 is proposed to be manned with full time employees comprising a three person Advanced Life Support paramedic engine or truck company. The equipment identified in the Property Transition Plan identifies the transfer of four vehicles for continuing use by the South Desert Service Zone. The Plan identifies that County Fire will facilitate discussion with the Water District and Copper Mountain College for the use of the five other vehicles.

To effect the changes, staff proposes the following conditions of approval:

- Upon the effective date of the reorganization including annexation and divestiture, the Successor District shall accept all facilities transferred from the Twentynine Palms Water District in “as is” condition [pursuant to Government Code Section 56886(h)]. All assets including, but not limited to, equipment (vehicles, apparatus, supplies, etc.) rolling stock, tools, office furniture, fixtures and equipment, lands, buildings, real and personal property and appurtenances held by the Twentynine Palms Water District as identified in the Employee/Property Transition Plan identified as Exhibit “C” to this resolution, except for Fire Station #421 are to be transferred to the City of Twentynine Palms, for the purpose of providing fire protection and emergency medical response shall be transferred to the Successor District, the South Desert Service Zone of SBCFPD. All quitclaim deeds to effectuate the transfer of land and/or buildings and the title transfer documents for vehicles shall be prepared by the Twentynine Palms Water District to be filed upon the effective date of the change with copies provided to LAFCO.
- Prior to the issuance of the Certificate of Completion for the reorganization to include annexation and divestiture, pursuant to the provisions outlined in Government Code Section 56886 (i), (o) and (s), the Commission requires that the successor district, the South Desert Service Zone of SBCFPD and the City of Twentynine Palms enter into a lease agreement for the continuing use of Fire Station #421 and provide a copy to the Local Agency Formation Commission. The lease payments are identified by the affected parties to provide for payment of the following:
 - (1) Repayment for improvements at Station #421 funded by the City of Twentynine Palms with a seven year payment schedule for a total of approximately \$210,000; and
 - (2) Transfer of 50% of the proceeds of prior Twentynine Palms Water District Ordinance #89 special fire taxes and fines, forfeitures and penalties attributable to the operations of the Twentynine Palms Water District to be placed in the Irrevocable Trust for Unfunded Retirement payments annually outlined in Condition e above.

FINANCIAL EFFECTS:

County Fire, working in conjunction with the Twentynine Palms Water District and the City of Twentynine Palms, has submitted a Plan for Service, a Fiscal Impact Analysis (FIA), updates to the Plan and FIA and the Employee/Property Transition Plan identifying the expenditures and revenues for transferring the Water District's service responsibility to the South Desert Service Zone of SBCFPD. These Plans have been revised and updated due the analysis of the proposal and the following narrative will address the most current Plan for Service (dated December 15, 2015) and FIA (submitted February 5, 2016).

Historical Expenditures:

As a starting point, it is important to understand the financial position of the District's fire operation. LAFCO staff has reviewed the District's fire operations historical expenditure data for 2008 through 2015 which are shown below:

Twentynine Palms Water District (Fire Function)									
	AUDIT								BUDGET
	2008	2009	2010	2011	2012	2013	2014	2015	2016
REVENUES									
Fire Protection Special Tax	\$ 1,233,297	\$ 1,183,804	\$ 1,216,897	\$ 1,196,705	\$ 1,208,881	\$ 1,197,791	\$ 1,234,157	\$ 1,261,135	\$ 1,200,000
Investment Income	50,970	25,754	7,500	5,419	3,959	2,674	2,040	2,642	2,000
Fines, Penalties, & Other	35,446	68,977	50,508	43,691	45,262	51,679	101,709	69,282	43,700
Intergovernmental	-	-	-	-	3,431	4,860	7,291	16,622	-
Grants	4,424	43,896	-	-	-	-	-	-	-
Total Revenues	1,324,137	1,322,431	1,274,905	1,245,815	1,261,533	1,257,004	1,345,197	1,349,681	1,245,700
EXPENDITURES									
Staff Payroll & Benefits	658,878	748,093	750,157	806,418	872,707	887,274	695,180	681,563	729,200
Volunteer Payroll & Benefits	107,866	123,934	122,254	154,047	141,934	135,491	112,518	119,211	135,460
Facilities Maintenance & Supplies	12,321	12,343	16,083	9,957	11,697	10,113	12,241	8,999	20,800
Utilities	27,788	25,759	24,174	25,710	25,673	28,740	23,007	21,358	20,880
Outside Services	27,136	29,115	25,725	32,640	94,768	46,213	73,115	23,666	30,000
Miscellaneous	10,976	18,491	17,856	16,756	9,764	10,255	14,431	20,278	6,150
Insurance	18,044	19,745	21,773	25,154	26,998	28,257	25,638	25,837	27,740
Overhead	35,370	32,686	35,918	40,554	40,660	42,161	45,608	46,236	54,960
Safety	1,890	2,653	3,036	2,193	1,876	2,216	606	-	-
Training	14,052	10,163	13,397	9,745	2,368	7,648	8,443	3,921	14,040
Communications	104,210	116,003	87,580	102,913	100,626	95,217	87,961	85,665	80,000
Fire Prevention	3,690	3,464	3,882	4,044	3,154	4,463	3,850	4,065	4,150
Emergency Medical Services	5,020	6,014	7,059	6,450	4,528	3,735	3,272	3,967	2,550
Apparatus Maintenance	78,090	64,088	86,158	77,140	67,040	90,287	68,775	69,775	101,280
Uniforms	15,234	11,487	13,317	14,966	5,678	13,518	12,140	16,158	7,500
Bad Debt	-	-	-	-	-	15,496	-	-	-
Capital Outlay	75,386	143,790	38,683	31,907	3,920	-	-	-	50,000
Total Expenditures	1,195,951	1,367,828	1,267,052	1,360,594	1,413,391	1,421,084	1,186,785	1,130,699	1,284,710
Revenues over Expenditures	128,186	(45,397)	7,853	(114,779)	(151,858)	(164,080)	158,412	218,982	(39,010)
OTHER FINANCING SOURCES									
Transfers In	-	-	-	-	-	-	60,854	57,008	57,000
Total Other Financing Sources	-	-	-	-	-	-	60,854	57,008	57,000
Net Change in Fund Balance	128,186	(45,397)	7,853	(114,779)	(151,858)	(164,080)	219,266	275,990	17,990
Fund Balance Beginning	1,274,192	1,402,378	1,281,961	1,289,814	1,175,035	1,023,177	859,097	1,046,017	1,322,007
Prior Period Adjustment	-	(75,020)	-	-	-	-	(32,346)	-	-
Fund Balance Ending	\$ 1,402,378	\$ 1,281,961	\$ 1,289,814	\$ 1,175,035	\$ 1,023,177	\$ 859,097	\$ 1,046,017	\$ 1,322,007	\$ 1,339,997
source:	Statement of Revenues, Expenditures, and Changes in Fund Balance; for years ending June 30, 2008 - 2015								
	Fire Budget, 2014-15								

The materials provided do not identify a number of items that LAFCO staff would anticipate being present for a fire entity to be determined to be financially solvent: including a reserve for replacement of equipment and facilities, and ongoing maintenance activities to upgrade facilities (not merely to maintain them). The data also include items which would not be expected to appear such as bad debts and the transfers in from other revenue sources. The materials identify the closure of the Lear Avenue station beginning in Fiscal Year 2013-14 resulting in a year-end fund balance increase. However, the expenses for full-time staff begin to escalate into the range of the pre-Lear Avenue closure prompting further solvency questions. This is the information that prompted the District and City of Twentynine Palms to institute the Ad Hoc committee to evaluate alternative funding options.

The materials submitted by County Fire and the County Administrative Office for Finance indicate that the annexation will provide for the continuation of service at current levels. In addition, it is estimated that the transition to County Fire will result in a more consistent staffing pattern since it will provide full-time staffing without the reliance upon volunteers as used in the District's current staffing model. Based upon this determination that the transition of service from the 29 Palms Fire to County Fire provides for an efficient and effective form of government to continue the range and level of service currently provided and that it will not impair the ability of any other agency to provide its range and level of services, the Commission must now turn its attention to the financial considerations of this proposal.

Five Year Financial Projections:

LAFCO staff has reviewed the financial materials submitted by representatives of County Fire and its Legal Counsel, the Water District and its Legal Counsel, the County Administrative Office and its Legal Counsel, and the City of Twentynine Palms and its Legal Counsel along with several revisions the FIA. The spreadsheet which follows outlines the Commission's required five-year financial projection as presented to staff on February 5, 2016 (copy included as a part of Attachment #2):

Twenty-Nine Palms Annexation 5 year Plan	2016 Proposed Staffing Count	2015/16 Average Cost Per Position	2016/17 Average Cost Per Position	2016/17 SBCFPD Proposed Staffing	2017/18 Average Cost Per Position	2017/18 SBCFPD Proposed Staffing	2018/19 Average Cost Per Position	2018/19 SBCFPD Proposed Staffing	2019/20 Average Cost Per Position	2019/20 SBCFPD Proposed Staffing	2020/21 Average Cost Per Position	2020/21 SBCFPD Proposed Staffing	
Staffing													
Station 421 - ME - Capt/Eng/FFPM			5.00%		2.00%		2.00%		3.00%		3.00%		
Captain	3	\$ 204,177.00	\$ 214,385.85	\$ 643,157.55	\$ 218,673.57	\$ 656,020.70	\$ 223,047.04	\$ 669,141.12	\$ 229,738.45	\$ 689,215.35	\$ 236,630.60	\$ 709,891.81	
Engineer	3	\$ 177,614.00	\$ 186,494.70	\$ 559,484.10	\$ 190,224.59	\$ 570,673.78	\$ 194,029.09	\$ 582,087.26	\$ 199,849.96	\$ 599,549.88	\$ 205,845.46	\$ 617,536.37	
FF/PM	3	\$ 143,816.00	\$ 151,006.80	\$ 453,020.40	\$ 154,026.94	\$ 462,080.81	\$ 157,107.47	\$ 471,322.42	\$ 161,820.70	\$ 485,462.10	\$ 166,675.32	\$ 500,025.96	
Total Count of Employees	9												
Total Salary and Benefits			\$ 551,887.35	\$ 1,655,662.05		\$ 1,688,775.29		\$ 1,722,550.80		\$ 1,774,227.32		\$ 1,827,454.14	
Services and Supplies						2.00%		2.00%		2.00%		2.00%	
Services and Supplies Total				\$ 165,000.00		\$ 168,300.00		\$ 171,666.00		\$ 175,099.32		\$ 178,601.31	
County overhead					\$ 33,000.00		\$ 33,660.00		\$ 34,333.20		\$ 35,019.86		\$ 35,720.26
Equipment					\$ 14,850.00		\$ 15,081.00		\$ 15,316.62		\$ 15,556.95		\$ 15,802.09
Vehicle Maintenance/Fuel					\$ 107,250.00		\$ 109,395.00		\$ 111,582.90		\$ 113,814.56		\$ 116,090.85
Medical					\$ 3,300.00		\$ 3,366.00		\$ 3,433.32		\$ 3,501.99		\$ 3,572.03
Insurance					\$ 6,600.00		\$ 6,600.00		\$ 6,600.00		\$ 6,600.00		\$ 6,600.00
Transfers for Support Services/Admin Costs				\$ 177,280.00		\$ 180,825.60		\$ 184,442.11		\$ 188,130.95		\$ 191,893.57	
Administration					\$ 124,096.00		\$ 126,577.92		\$ 129,109.48		\$ 131,691.67		\$ 134,325.50
Public Information Officer					\$ 7,091.20		\$ 7,233.02		\$ 7,377.68		\$ 7,525.24		\$ 7,675.74
Human Resources					\$ 17,728.00		\$ 18,082.56		\$ 18,444.21		\$ 18,813.10		\$ 19,189.36
Warehouse/Support Services					\$ 28,364.80		\$ 28,932.10		\$ 29,510.74		\$ 30,100.95		\$ 30,702.97
Confire/MIS Support				\$ 142,500.00		\$ 145,350.00		\$ 148,257.00		\$ 151,222.14		\$ 154,246.58	
Confire					\$ 88,350.00								
MIS					\$ 54,150.00								
One Time start up costs including SBCA replacement gear				\$ -									
Capital Replacement - Small Tools and Equipment				\$ 5,000.00		\$ 5,000.00		\$ 5,000.00		\$ 5,000.00		\$ 5,000.00	
Capital Replacement - Vehicle Equipment Replacement				\$ 61,833.00		\$ 61,833.00		\$ 61,833.00		\$ 61,833.00		\$ 61,833.00	
Fire Station Building Lease Sta. 421				\$ 30,672.00		\$ 31,284.00		\$ 31,908.00		\$ 32,544.00		\$ 33,204.00	
lease supplement to transfer 50% of water district delinquency to City								\$ 160,000.00		\$ 80,000.00		\$ 80,000.00	
Total Appropriations				\$ 2,237,947.05		\$ 2,281,367.91		\$ 2,485,656.93		\$ 2,468,056.75		\$ 2,532,232.62	
Revenues													
Special Tax				16/17		3.00%		3.00%		3.00%		3.00%	
Special Tax FP-5 (\$143.91 X 3% = \$148.23/parcel @ 15,263 parcels) (factored @ 89% collection rate)				\$ 2,013,566.70		\$ 2,073,973.70		\$ 2,136,192.91		\$ 2,200,278.70		\$ 2,266,287.06	
LAFCO additional parcels (\$148.23 x 334 parcels)				\$ 44,062.85		\$ 45,384.74		\$ 46,746.28		\$ 48,148.67		\$ 49,593.13	
Delinquent Prior Year Water District Special Tax Revenue (6%)				\$ 110,000.00		\$ 110,000.00		\$ 110,000.00		\$ 110,000.00			
Delinquent Prior Year County Fire Special Tax Revenue (6%)						\$ 69,909.23		\$ 120,010.84		\$ 148,333.40		\$ 152,783.40	
Other Revenue													
Interest Earned				\$ 500.00		\$ 750.00		\$ 1,000.00		\$ 1,500.00		\$ 2,000.00	
Penalties (based on 29 Palms' prior year budget figure on their assessment @ \$80/parcel)				\$ 50,000.00		\$ 50,000.00		\$ 50,000.00		\$ 50,000.00			
Penalties (based on future assessment @ \$148/parcel)						\$ 31,459.15		\$ 54,004.88		\$ 66,750.03		\$ 68,752.53	
First Responder Fee - 1,680 EMS based calls @ \$275 each (12% collection rate)				\$ 55,440.00		\$ 55,440.00		\$ 55,440.00		\$ 55,440.00		\$ 55,440.00	
Other Revenue - Non-Operating				\$ 7,700.00		\$ 7,700.00		\$ 7,700.00		\$ 7,700.00		\$ 7,700.00	
Total Revenues				\$ 2,281,269.55		\$ 2,444,616.81		\$ 2,581,094.90		\$ 2,688,150.79		\$ 2,602,556.11	
Total Revenues less Appropriations				\$ 43,322.50		\$ 163,248.90		\$ 95,437.97		\$ 220,094.03		\$ 70,323.49	
Fund Balance													
Beginning Fund Balance						\$ 43,322.50		\$ 206,571.40		\$ 302,009.37		\$ 522,103.41	
TOTAL APPROPRIATIONS				\$ (2,237,947.05)		\$ (2,281,367.91)		\$ (2,485,656.93)		\$ (2,468,056.75)		\$ (2,532,232.62)	
TOTAL REVENUES				\$ 2,281,269.55		\$ 2,444,616.81		\$ 2,581,094.90		\$ 2,688,150.79		\$ 2,602,556.11	
Ending Fund Balance				\$ 43,322.50		\$ 206,571.40		\$ 302,009.37		\$ 522,103.41		\$ 592,426.89	

The footnotes included with this spreadsheet are needed to fully understand the references. They are shown as follows:

Note: Captains/Engineers/Firefighter Paramedic salaries/benefits based upon averages in bud prep system of SB County Fire

Note: Transfers for support services and admin costs represents share office staff; as well as share of training expenses, SCBA program and safety gear pool program; as well as \$85,728 of share of DC and 3 BCs (Chamberlin's FTE figures)

Note: Capital Replacement - Vehicle Equipment Replacement (1 engine at \$742k amortized at 12 years)

Note: FP-5 FY 15/16 rate is \$143.91. There is a 3% COLA allowed every year thereafter as needed

Note: "Other Revenue" figures are derived from FY15/16 29 Palms Fire District Proposed Budget Summary and \$5k added for cost recovery

Note: One time startup costs not factored in (SCBAs, cardiac monitor, ballistic protection)

Note: First Responder Fee is factored at 80% of 2,100 calls (1,680 calls @ \$275 per call with collection rate of 12%)

The materials presented have several nuances to the identification of both expenditures and revenues which are more fully described below. The basic information has been provided that shows the expenses and revenues to fund the boots on the ground operation for fire protection and emergency medical response. However, due to the need to address the retirement funding issue, extensively discussed in the narrative above, there will be no fund balance transition from 29 Palms Fire to County Fire to allow for funding the initial operations until the receipt of the proceeds of taxes. This period would extend roughly from July 1, 2016 through the mid-November time period or roughly five months, and will result in costs approaching \$1,000,000. LAFCO staff expressed this concern to County Fire and the County Administrative Office, who responded that they have identified other sources of liquidity in the South Desert Service Zone that will allow for addressing the timing issue for the revenues to provide the service (copy of letter dated February 2, 2016 included in Attachment #2).

Expenditures:

Salary and benefit expenditures identified in the FIA shows the costs for fire protection and emergency medical response through a three person engine. This includes the transfer of the existing four firefighters from 29 Palms Fire Department augmented with additional staffing of five personnel. The terms of the Transition Plan identify a lump sum payment from the Water District to provide for transition of sick leave and vacation time for the four employees. County Fire will be impressed with a public trust fiduciary responsibility to protect these funds for the purpose they were intended through a condition of approval.

AGENDA ITEM #8 - LAFCO 3200
 TWENTYNINE PALMS FIRE DEPT/COUNTY FIRE
 REORGANIZATION
 February 10, 2016

Twenty-Nine Palms Annexation 5 year Plan	2016 Proposed Staffing	2015/16 Average Cost Per Position	2016/17 Average Cost Per Position	2016/17 SBCFPD Proposed Staffing	2017/18 SBCFPD Proposed Staffing	2018/19 SBCFPD Proposed Staffing	2019/20 SBCFPD Proposed Staffing	2020/21 SBCFPD Proposed Staffing
Staffing								
Station 421 - ME - Capt/Eng/FFPM			5.00%		2.00%	2.00%	3.00%	3.00%
Captain	3	\$ 204,177.00	\$ 214,385.85	\$ 643,157.55	\$ 656,020.70	\$ 669,141.12	\$ 689,215.35	\$ 709,891.81
Engineer	3	\$ 177,614.00	\$ 186,494.70	\$ 559,484.10	\$ 570,673.78	\$ 582,087.26	\$ 599,549.88	\$ 617,536.37
FF/PM	3	\$ 143,816.00	\$ 151,006.80	\$ 453,020.40	\$ 462,080.81	\$ 471,322.42	\$ 485,462.10	\$ 500,025.96
Total Count of Employees	9							
Total Salary and Benefits			\$ 551,887.35	\$ 1,655,662.05	\$ 1,688,775.29	\$ 1,722,550.80	\$ 1,774,227.32	\$ 1,827,454.14

The materials provided in the FIA related to Services and Supplies were submitted with limited identification of those expenses. LAFCO staff requested information on the breakdown of the items and has updated the FIA chart to reflect them. The staff's update is shown below:

Services and Supplies		2.00%	2.00%	2.00%	2.00%
Services and Supplies Total	\$ 165,000.00	\$ 168,300.00	\$ 171,666.00	\$ 175,099.32	\$ 178,601.31
County overhead	\$ 33,000.00	\$ 33,660.00	\$ 34,333.20	\$ 35,019.86	\$ 35,720.26
Equipment	\$ 14,850.00	\$ 15,081.00	\$ 15,316.62	\$ 15,556.95	\$ 15,802.09
Vehicle Maintenance/Fuel	\$ 107,250.00	\$ 109,395.00	\$ 111,582.90	\$ 113,814.56	\$ 116,090.85
Medical	\$ 3,300.00	\$ 3,366.00	\$ 3,433.32	\$ 3,501.99	\$ 3,572.03
Insurance	\$ 6,600.00	\$ 6,600.00	\$ 6,600.00	\$ 6,600.00	\$ 6,600.00
Transfers for Support Services/Admin Costs	\$ 177,280.00	\$ 180,825.60	\$ 184,442.11	\$ 188,130.95	\$ 191,893.57
Administration	\$ 124,096.00	\$ 126,577.92	\$ 129,109.48	\$ 131,691.67	\$ 134,325.50
Public Information Officer	\$ 7,091.20	\$ 7,233.02	\$ 7,377.68	\$ 7,525.24	\$ 7,675.74
Human Resources	\$ 17,728.00	\$ 18,082.56	\$ 18,444.21	\$ 18,813.10	\$ 19,189.36
Warehouse/Support Services	\$ 28,364.80	\$ 28,932.10	\$ 29,510.74	\$ 30,100.95	\$ 30,702.97
Confire/MIS Support	\$ 142,500.00	\$ 145,350.00	\$ 148,257.00	\$ 151,222.14	\$ 154,246.58
Confire	\$ 88,350.00				
MIS	\$ 54,150.00				
One Time start up costs including SBCA replacement gear	\$ -				
Capital Replacement - Small Tools and Equipment	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00
Capital Replacement - Vehicle Equipment Replacement	\$ 61,833.00	\$ 61,833.00	\$ 61,833.00	\$ 61,833.00	\$ 61,833.00
Fire Station Building Lease Sta. 421	\$ 30,672.00	\$ 31,284.00	\$ 31,908.00	\$ 32,544.00	\$ 33,204.00
lease supplement to transfer 50% of water district delinquency to City			\$ 160,000.00	\$ 80,000.00	\$ 80,000.00
Total Appropriations	\$ 2,237,947.05	\$ 2,281,367.91	\$ 2,485,656.93	\$ 2,468,056.75	\$ 2,532,232.62

This breakdown in the cost allocation categories identifies that providing the service through County Fire will result in an increase in expenses. However, it shows that \$479,612 is being diverted to pay the lease expense for Station #421 to the City of Twentynine Palms and therefore is not available to provide for ongoing fire service for the seven year term of the lease. Once the lease payments have been completed, however, these funds will return to the community for provision of ongoing emergency medical response and fire protection.

Based upon the information provided to LAFCO staff for the expenditures identified in the FIA as revised, the costs for the ongoing operation and maintenance of level of service have been demonstrated.

Revenues:

The FIA, as amended, identifies the revenue streams to support the provision of service. Of note, the Water District receives no share of the general ad valorem (property) tax so there is no transfer to County Fire for delivery of this service. The only source of revenue is the proposed inclusion of the area within Service Zone FP-5. The spreadsheet which follows outlines the revenue stream for the first five years upon successful completion of the reorganization.

Revenues					
Special Tax	16/17	3.00%	3.00%	3.00%	3.00%
Special Tax FP-5 (\$143.91 X 3% = \$148.23/parcel @ 15,263 parcels) (factored @ 89% collection rate)	\$ 2,013,566.70	\$ 2,073,973.70	\$ 2,136,192.91	\$ 2,200,278.70	\$ 2,266,287.06
LAFCO additional parcels (\$148.23 x 334 parcels)	\$ 44,062.85	\$ 45,384.74	\$ 46,746.28	\$ 48,148.67	\$ 49,593.13
Delinquent Prior Year Water District Special Tax Revenue (6%)	\$ 110,000.00	\$ 110,000.00	\$ 110,000.00	\$ 110,000.00	
Delinquent Prior Year County Fire Special Tax Revenue (6%)		\$ 69,909.23	\$ 120,010.84	\$ 148,333.40	\$ 152,783.40
Other Revenue					
Interest Earned	\$ 500.00	\$ 750.00	\$ 1,000.00	\$ 1,500.00	\$ 2,000.00
Penalties (based on 29 Palms' prior year budget figure on their assessment @ \$80/parcel)	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	
Penalties (based on future assessment @ \$148/parcel)		\$ 31,459.15	\$ 54,004.88	\$ 66,750.03	\$ 68,752.53
First Responder Fee - 1,680 EMS based calls @ \$275 each (12% collection rate)	\$ 55,440.00	\$ 55,440.00	\$ 55,440.00	\$ 55,440.00	\$ 55,440.00
Other Revenue - Non-Operating	\$ 7,700.00	\$ 7,700.00	\$ 7,700.00	\$ 7,700.00	\$ 7,700.00
Total Revenues	\$ 2,281,269.55	\$ 2,444,616.81	\$ 2,581,094.90	\$ 2,688,150.79	\$ 2,602,556.11
Total Revenues less Appropriations	\$ 43,322.50	\$ 163,248.90	\$ 95,437.97	\$ 220,094.03	\$ 70,323.49
Fund Balance					
Beginning Fund Balance		\$ 43,322.50	\$ 206,571.40	\$ 302,009.37	\$ 522,103.41
TOTAL APPROPRIATIONS	\$ (2,237,947.05)	\$ (2,281,367.91)	\$ (2,485,656.93)	\$ (2,468,056.75)	\$ (2,532,232.62)
TOTAL REVENUES	\$ 2,281,269.55	\$ 2,444,616.81	\$ 2,581,094.90	\$ 2,688,150.79	\$ 2,602,556.11
Ending Fund Balance	\$ 43,322.50	\$ 206,571.40	\$ 302,009.37	\$ 522,103.41	\$ 592,426.89

As noted in the FIA and Plan for Service, should LAFCO Reorganization 3200 be approved, the current special tax paid by TPWD property owners (Ordinance No. 89 adopted October 5, 2004) to fund the Fire Department would be replaced with a special tax consistent with all property owners within the County Fire Service Zone FP-5. The current tax under Ordinance 89 imposes an \$80 annual fee on single family homes, multi-family homes and mobile homes, and an annual fee of between \$80 and \$320 for commercial/industrial properties depending on the building square footage. The Ordinance 89 tax on unimproved parcels is \$48 per year. Large parcels (exceeding five acres) are charged an extra \$2 per acre.

The FP-5 special tax, which would replace the Ordinance 89 tax if LAFCO 3200 is approved, is currently set at \$143.92 per parcel for Fiscal Year 2015-16. Annual increases cannot exceed 3% per year. If the maximum increase is approved for Fiscal year 2016-2017, the first year of County operations, the per parcel fee would be \$148.23.

An additional item identified when reviewing the Water District's audits is that in Fiscal Year 2014-15, an Explorer's Fund was created to isolate donations to support the Fire Explorer program as well as expenses. Upon the successful completion of LAFCO 3200, the fund balance for this program will transfer to County Fire impressed with a public trust that the funds be used to support the same type program within County Fire.

Conditions of approval related to this portion of the consideration are outlined as follows:

- Upon the effective date of this reorganization, any funds currently deposited with the 29 Palms Fire Department for the benefit of its Explorer program shall be transferred to the successor district and said district shall maintain those funds impressed with a public trust, use or purposes separately in accordance with the provisions of Government Code Section 57462.

Based upon the information received by LAFCO staff, it is our position that the approval of LAFCO 3200, with the nuances for funding the unfunded PERS liabilities, will provide for the continuing delivery of fire protection and emergency medical response within the area commonly defined as the Twentynine Palms community at the same level currently received and in some respects at a higher level. As required by Commission policy and State law, the revised Plan for Service, Updated Employee and Property Transition Plan and the Financial Impact Analysis show that the delivery of service can be maintained and that such delivery is projected to be sustainable.

The final element that will need to be addressed is that during the transition period State law specifies that the dissolving, or in this case the divesting entity be limited in its authority for expenditures and encumbering obligations. Therefore, staff is recommending that the following condition be included to address this issue which will limit the Water District from the point in time that the Commission approves the reorganization (adoption of its resolution) through the effective date proposed to be July 1, 2016.

- As of the date of approval of the reorganization by LAFCO, through the effective date pursuant to the provisions of Government Code 56885.5(a)(4), the Board of Directors of the Twentynine Palms Water District on behalf of its Fire Department shall be prohibited from taking the following actions unless it first finds an emergency situation exists as defined in Government Code Section 54956.5, and it is supported by the San Bernardino County Fire Protection District:
 - **No Increase in Compensation or Benefits:** No increase in calculation for payment of benefits or compensation for employees of the 29 Palms Fire Department shall be allowed. Exceptions to this prohibition include planned and budgeted increases identified in the adopted budget for Fiscal Year 2015-16.
 - **Bound by Current Budget:** No appropriating, encumbering, expending, or otherwise obligating any revenue of the Twentynine Palms Water District Fire Department beyond that provided in the current budget at the time of Commission approval, unless agreed to by the Successor District, shall be allowed.

Staff would note that the condition includes the proviso to address an issue that may arise which requires expenditure of funds or the obligation for payment. This allows for a mechanism to address unknowns during the transition.

ENVIRONMENTAL

Will the proposed reorganization have an adverse environmental effect that cannot be mitigated to a level of non-significance? If it does, can those adverse effects be overridden by other benefits?

The Commission is the lead agency for review of the potential environmental consequences of the reorganization evaluated in this report. LAFCO staff has provided the Commission's Environmental Consultant, Tom Dodson and Associates, with the application materials and responses provided by the City of Twentynine Palms and the San Bernardino County Fire Protection District. Mr. Dodson reviewed this proposal and has recommended that the reorganization is statutorily exempt from the California Environmental Quality Act (CEQA) (copy of letter included as Attachment #8).

This determination is based on the fact that the reorganization will transfer the delivery of fire protection, and emergency medical response from one entity to another which will not result in any physical impacts on the environment. Therefore, this action is exempt as defined under Section 15061(b)(3) of the State CEQA Guidelines. It is recommended that the Commission adopt the General Rule Statutory Exemption for this proposal by taking the actions outlined in the Recommendation Section of this report.

PUBLIC COMMENT

In addition to publication of a legal notice of this proposal (1/8th page advertisement in *The Sun and The Desert Trail*), staff also mailed individual notices to the 12,011 landowners in the affected reorganization territory as required by Government Code Section 56125. Over the last three weeks, staff has fielded less than 100 phone calls or emails from landowners requesting additional information on the proposal. Specific areas of concern generally included:

- Objection to the imposition of a special tax due to financial hardships of homeowners
- Additional clarification needed as to why residents do not have the opportunity to vote on the imposition of a special tax.

- The desire that the City provide the necessary funding to allow for the Water District to maintain its Fire Department.

In addition, staff received two comment letters which are included in Attachment #7 to this report.

DETERMINATIONS:

The following determinations are required to be provided by Commission policy and Government Code Section 56668 for any proposal considered:

1. The County Registrar of Voters Office has determined that the study area is legally inhabited with 4,668 registered voters as of October 15, 2015.
2. The study area is proposed to be within the sphere of influence assigned the San Bernardino County Fire Protection District through approval of the compansion proposal identified as LAFCO 3199.
3. The County Assessor's Office has determined that the total assessed valuation of land and improvements for the area is \$901,124,079 as of November 10, 2015. This figure is broken down as \$232,028,198 for land and \$669,095,881 for improvements.
4. Legal notice of the Commission's consideration of the proposal has been provided through publication of a 1/8th page advertisement in *The Sun* and *Desert Trail*, newspapers of general circulation in the area. In addition, individual notices were provided to all affected and interested agencies, County departments and those individuals and agencies requesting special notice.

In compliance with the requirements of Government Code Section 56125, individual notice was mailed to landowners within the reorganization area for Service Zone FP-5 as amended by LAFCO staff (totaling 12,011) due to the special tax being extended. Comments from landowners have been considered by the Commission in making its determination.

5. The proposed reorganization does not conflict with the established City's General Plan. The proposed reorganization has no direct impact on such land use designations.
6. The Southern California Association of Governments (SCAG) has adopted a Regional Transportation Plan and Sustainable Community Strategy pursuant to the provisions of Government Code Section 65352.5. Approval of LAFCO 3200 has no direct impact on these determinations. The Sustainable Community Strategy includes as a determination the need to assure the ongoing availability of health and safety services which approval of LAFCO 3200 will support.

7. The Commission's Environmental Consultant, Tom Dodson of Tom Dodson and Associates, has indicated that based on his review of this reorganization, the proposal will not change the area in which the service is provided. Therefore, the proposal will have no physical affect upon the environment, and a General Rule Statutory Exemption as authorized under Section 15061(b)(3) of the State CEQA Guidelines is appropriate. A copy of Mr. Dodson's response is included for the Commission's review as Attachment #8 to this report.
8. The study area is presently served by the following public agencies:
 - County of San Bernardino
 - City of Twentynine Palms (portion of the area)
 - Twentynine Palms Water District
 - Twentynine Palms Cemetery District
 - Mojave Desert Resource Conservation District
 - Morongo Basin Healthcare District (formerly Hi-Desert Memorial Healthcare)
 - County Service Area 70 and its Zones TV-04 and TV-05 (portion of the area)

The Twentynine Palms Water District is affected through the divestiture and transfer of its fire protection and emergency medical response obligation to County Fire as a function of the reorganization. In addition, the change anticipates that the San Bernardino County Fire Protection District, its South Desert Service Zone and its Service Zone FP-5 will be expanded to include the territory of the Twentynine Palms Water District and the "peninsula area" as a function of the reorganization. None of the other agencies are affected by this reorganization proposal as they are regional in nature.

9. A Plan for the Extension of Service and a Fiscal Impact Analysis has been submitted by County Fire. Those documents indicates that the transfer of service to the South Desert Service Zone and SBCFPD can, at a minimum, maintain the level of service delivery currently received by the area. Upon reorganization, the primary successor district, the South Desert Service Zone of the SBCFPD, will extend the defined range of services to residents, landowners and government within the boundaries of the Twentynine Palms Water District. The Plan for Service, jointly submitted by the SBCFPD and the Twentynine Palms Water District, provides a general outline of the delivery of services mandated by Government Code Section 56653. The Plan for Service and Fiscal Impact Analysis have been reviewed and compared with the standards established by the Commission and the factors contained within Government Code Section 56668. The Commission finds that such Plan and Fiscal Impact Analysis conforms to those adopted standards and requirements.
10. The reorganization area can benefit from the assumption of fire protection, and emergency medical response service through the South Desert Service Zone of

the San Bernardino County Fire Protection District as evidenced by the Plan for Service.

11. This proposal will not affect the fair share allocation of the regional housing needs assigned to the City of Twentynine Palms through the Southern California Association of Government's (SCAG) Regional Housing Needs Allocation (RHNA) process.
12. With respect to environmental justice, the reorganization provides for the continuation of existing fire protection, and emergency medical response services within the area and will not result in the unfair treatment of any person based upon race, culture or income.
13. The County Board of Supervisors has successfully completed the process for the determination of a transfer of ad valorem property tax revenues upon successful completion of this reorganization to the successor agencies, SBCFPD and its South Desert Service Zone noting there will be no exchange of property tax, general levy or tax increment. This fulfills the requirements of Section 99 of the Revenue and Taxation Code.
14. The maps and legal descriptions prepared by the County Surveyor are in substantial compliance with LAFCO and State standards.

CONCLUSION:

In May of 2012 the Commission conducted its service review for the Twentynine Palms community which included a detailed discussion of the Twentynine Palms Water District fire operations. It was necessary to again sound the alarm bells that the service was unsustainable with its primary source of funding a flat tax which did not address annual inflation. During this review, the District identified its need to replace Station #421 or extensively remodel it, the need to replace its engine at Station #421 and other miscellaneous needs, none of which received the funding necessary for implementation. This time the alarm bells had been sounded by the District itself in an attempt to receive citizen support for a change in its funding mechanism. These attempts were unsuccessful.

Adequate emergency medical response and fire protection are key health and safety issues for any community. Placement of emergency medical response as the first order of business for this function is intended by staff, as more than three quarters of the business of the Twentynine Palms Fire Department is to provide emergency medical response. The lack of sustainability issues has been addressed in the proposal jointly presented by County Fire and Twentynine Palms Fire with the key financial support of the City of Twentynine Palms, truly a joint response to maintain this service for the larger Twentynine Palms community. The City's support for the proposal to include its

corporate boundaries within County Fire provides for its statutory obligation to provide fire protection service to its residents.

The proposal does require the landowners within the community to provide the financial support necessary to continue the service but the alternative is to retain an insolvent service through the Water District which cannot use its other funds to assist the fire operation due to legislative restrictions. It also requires that the City of Twentynine Palms to assume a generally unknown future liability for payment of the Water District's retirement liability for its Fire Department, an unheard of precedent for the Commission.

Staff supports the approval of this proposal to transfer fire authority from the Twentynine Palms Water District to the San Bernardino County Fire Protection District and its South Desert Service Zone and to include the community of Twentynine Palms in Service Zone FP-5 to provide the financial support for continuing the service. The more concerning aspects of this proposal, including the other unique financing structures outlined in this report to achieve the goal of a sustainable emergency medical response and fire protection authority, created pause for LAFCO staff but ultimately were shown to be necessary to allow the proposal to move forward. Therefore, staff recommends approval of LAFCO 3200 as modified and presented in this report,

Attachments:

1. [Vicinity Map, Map of Proposed Reorganization and Supplemental Maps](#)
2. [Twentynine Palms Water District/County Fire Application for Reorganization Including Plan for Service, Fiscal Impact Analysis \(Five-Year Projection\), Employee/Property Transition Plan, Letter Dated February 2, 2016 from Gary McBride, County Chief Financial Officer, Twenty-Nine Palms Band of Mission Indians Consent Resolution and Supplemental Data](#)
3. [Twentynine Palms Water District Supplemental Data: Letter on Worker's Compensation; Fire Chief Contract Termination Letter, Amendment #1 to the Memorandum of Understanding with Twentynine Palms Professional Firefighters, IAFF Local 4266, and Excerpts of Audits for the Water District Fire Fund for Fiscal year 2013-14 and 2014-15](#)
4. [Excerpt from 2012 Service Review for the Twentynine Palms community related to the Twentynine Palms Water District](#)
5. [Draft Assignment and Assumption Agreement for CalPERS Retirement Obligation; Letter Dated January 6, 2016 from City of Twentynine Palms Outlining Agreement on Unfunded Retirement Liability for Twentynine Palms Water District, Staff Report for Joint Meeting of City Council and Board of Directors dated December 7, 2015](#)
6. [Letter from Twentynine Palms Water District dated December 28, 2015 outlining position on Unfunded Retirement Liability](#)
7. [Copies of Letters Received from the Public Related to LAFCO 3200](#)
8. [Letter from Commission Environmental Consultant Tom Dodson of Tom Dodson and Associates Dated February 8, 2016](#)
9. [Draft LAFCO Resolution No. 3216](#)